

## **PRESS RELEASE**

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**FOR IMMEDIATE RELEASE**  
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# **GUILTY VERDICT IN OFFSHORE INVESTMENT FRAUD SCHEME**

**PHOENIX, ARIZONA** -- The United States Attorney's Office for the District of Arizona announced that on October 3, 2003, a federal jury in Phoenix found WAYNE ALAN DRIZIN, D O B June 1, 1951, guilty on two counts of wire fraud in connection with his scheme to solicit investments in an empty shell company that he told investors would soon hold valuable biotechnology patents and millions of dollars in funding to develop them.

Evidence presented at trial demonstrated that in 1994, DRIZIN set up several dummy corporations in the offshore haven of Guernsey, British Channel Islands, to take advantage of that country's banking and corporate secrecy laws. DRIZIN then returned to the United States and solicited the participation of Lectin BioPharma, Inc., a California start-up company that had developed unique and promising treatments to slow and stop the spread of various sexually transmitted diseases, including the HIV virus and was pursuing patents in the field, in a reverse merger with a publicly reporting shell company, to be followed by a public offering of shares in the newly merged company. DRIZIN promised that he could arrange \$12.5 million in funding for the merger and subsequent operations through the Guernsey entities, whom he told the Lectin principals were groups of "wealthy European investors who

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wished to remain anonymous.” In reality, there were no wealthy investors; the Guernsey dummy companies were without any money or other assets and were wholly owned by DRIZ IN.

Evidence at trial showed that once DRIZ IN had setup this proposed reverse merger by falsely promising its funding, he used Lectin’s promising technology and business potential to sell shares in the worthless shell company with which Lectin was to merge, promising that once the merger took place, the shares in the shell company would be worth a great deal of money. The merger never took place, because the overseas companies had no money to fund the merger, and the victim investors were stuck with worthless shares in an empty shell company. Between 1994 and 1995, DRIZ IN defrauded several investors, including Arizona residents, of nearly \$2.5 million dollars using this scheme.

DRIZIN was charged with violating Title 18 of the United States Code, Section 1343, Wire Fraud. The case was tried before United States District Court Judge Stephen M. McNamee from September 9 through October 3, 2003.

A conviction for Wire Fraud carries a maximum penalty of 5 years, a \$250,000, fine or both, for each count. Sentencing is set before Judge McNamee on January 12, 2004.

The investigation leading to the guilty verdict was conducted by the United States Postal Inspection Service.

The prosecution is being handled by John Tuchi and Howard Sukenic, Assistant United States Attorneys, District of Arizona, Phoenix, Arizona.

CASE NUMBER: CR-00-857-PHX-SMM  
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